

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1148 - SB 1369

February 1, 2016

SUMMARY OF BILL: Authorizes a corporation that is owned or controlled by an insurer authorized to provide surety bonding in this state or a subsidiary corporation of the insurer to become a bonding company owner authorized to furnish bail in this state.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue - \$500/FY16-17/Tennessee Bureau of Investigation
\$100/FY17-18 and Subsequent Years
/Tennessee Bureau of Investigation**

**Increase State Expenditures - \$500/FY16-17/Tennessee Bureau of Investigation
\$100/FY17-18 and Subsequent Years
/Tennessee Bureau of Investigation**

Assumptions:

- Currently, only individuals with two years of experience writing bail in this state as a full-time qualified agent for a Tennessee professional bonding company may apply to become the owner of a bonding company.
- Bonding companies are licensed by the Department of Commerce and Insurance as insurance producers.
- It is assumed that corporations owned or controlled by an insurance company or individuals employed by a subsidiary corporation of an insurer will currently hold insurance producer licenses; therefore, no increase in insurance producer licenses.
- The number of corporations or individuals which will apply to become bail bonding companies is unknown.
- It is reasonably estimated that there will be 10 individuals per grand district or 30 total corporations or individuals which will seek to become bail bonding companies in the first year upon this legislation's enactment. There will be one corporation or individual per grand district (for a total of three) in the second and subsequent years which will seek to become a bail bonding company.
- Pursuant to Tenn. Code Ann. § 40-11-317, any applicant seeking approval as a bonding company owner must submit to a criminal history background check provided under Tenn. Code Ann. § 38-6-109(d), which provides that fingerprint searches for criminal history record checks shall be the same for a Tennessee search as it is for a Federal

Bureau of Investigation (FBI) background search and such fee charged must be equal to the fee schedule established by the FBI.

- Currently, the FBI charges \$18 for a fingerprint criminal history record check.
- The Tennessee Bureau of Investigation (TBI) will perform searches of the National Crime Information Center (NCIC) database using fingerprints collected from applicants.
- The 30 applicants seeking approval as bonding companies will each pay the \$18 fee for a fingerprint criminal history record check.
- TBI will experience a one-time increase in state revenue of \$540 (30 applicants x \$18) in the first year of enactment, and a recurring increase in state revenue in the second and subsequent years of \$54 (3 applicants x \$18) to perform criminal history record checks.
- TBI will incur expenditures equal to revenue to perform the criminal history record checks.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb